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USSR: Andropov's Absence

The illness that prevented General Secretary Andropov from attending the revolution anniversary ceremonies on Saturday and the parade today is probably more serious than a cold, but his Politburo colleagues give every indication that he is still in charge. [redacted]

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On Saturday, Central Committee spokesman Zamyatin expressed doubt that the General Secretary would show up for today's parade and repeated an earlier official statement that Andropov has a cold. Since Andropov's last public appearance in Moscow, on 18 August, a number of important statements and answers to journalists' questions have been issued in his name, the latest on 27 October. [redacted]

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Comment: Given Andropov's age and chronic cardiovascular problems, a cold-related illness could be serious enough—if it involved bronchitis, early influenza, or pneumonia, for example—to have kept him from these important ceremonies, even the indoor one on Saturday. No General Secretary is known to have missed them since they became traditional features of the Soviet scene. [redacted]

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Andropov traditionally vacations for a lengthy period in September and October and probably has been on vacation during most of his nearly three-month absence. His present illness probably began before 21 October, when some Soviet officials were expecting his return to Moscow and when he missed a meeting with an antiwar group. Andropov's absence from the current ceremonies may represent prudent medical caution rather than evidence of a totally incapacitating illness. [redacted]

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Secretary Chernenko was the ranking official at the anniversary celebrations. Behind the scenes, however, Andropov is reported to have taken steps to prevent Chernenko's number-two role from becoming more than a formality. The two other senior party secretaries, Gorbachev and Romanov, as well as Defense Minister Ustinov, have been named by different sources as sharing the responsibility for acting in Andropov's absence. [redacted]

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Romanov delivered the anniversary speech, reflecting his new status as senior party secretary and his transfer from Leningrad to Moscow. Gorbachev, Andropov, Ustinov, and Chernenko all have given major addresses in the past several years, and it was logical to give a turn to Romanov. [redacted]

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GRENADA: Governor General's Concerns

Governor General Scoon reportedly is concerned that radical elements of the Grenadian Army still at large might cause violence.

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[redacted] several former high-level officers—including two members of the Revolutionary Military Council, formed after the late Prime Minister Bishop's death—remain at large. In addition, press reports indicate that Kendrick Radix, a prominent minister in the Bishop regime, has taken refuge in the Cuban Ambassador's residence and has indicated he will remain in Grenada after the Cubans leave. [redacted]

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According to a foreign diplomat in Guyana, the Cuban Ambassador there said recently that Havana is unable to take any action in response to its losses in Grenada until all Cuban prisoners are repatriated. An average of some 100 Cubans have been leaving Grenada daily. [redacted]

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Comment: It is unlikely that Grenadian radicals still at large have had time to plan any coordinated attacks against Scoon or US military units. They could engage in isolated acts of violence, especially after the US military leaves. Former supporters of Bishop, such as Radix, probably will try to contact their allies abroad before contemplating future action. [redacted]

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If the present evacuation schedule for Cuban detainees is maintained, the repatriation is likely to be completed by Wednesday. Havana probably has refrained so far from conducting large anti-US demonstrations for fear they would result in reprisals against Cuban detainees in Grenada. Even after the repatriation is complete, President Castro probably will try to avoid even the appearance of Cuban involvement in attacks on US targets for fear they would be used by Washington to justify some direct action against Cuba. [redacted]

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NICARAGUA: Draft Registration Disappointing

Low draft registration figures announced by the government support indications of the unpopularity of the new conscription law and may be contributing to the confrontation with the Church. []

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The government newspaper published preliminary figures that show about 100,000 youths registered—about half the number Managua had previously estimated were eligible. The newspaper also reported 3,000 youths have left the country. Interior Minister Borge recently told a US journalist that substantially fewer men had registered than the government had anticipated. []

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The Defense Ministry has announced that men who have not registered may do so this month, and it now is encouraging women to volunteer. Sandinista youth leaders are calling for the expulsion from school of those failing to register. []

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Meanwhile, Nicaragua's bishops refused to meet with the government junta last week, but they agreed to a meeting this Wednesday. The Papal Nuncio has strongly protested continuing harassment of the Church. In a meeting with the Nuncio, junta coordinator Ortega charged that the Church was seeking to create a pretext for US intervention, and he threatened to expel additional priests. []

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The government press has accused Managua Archbishop Obando y Bravo of fostering subversive activities and has charged that he removed 37 priests and nuns who were sympathetic to the government. []

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Comment: The registration figures are an embarrassment to the government, which conducted an intense media campaign to gain support for conscription. Pressures on individuals failing to register probably will intensify, making it difficult for them to remain in school or hold government jobs. []

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Although only a few youths have declared themselves to be conscientious objectors, the Sandinistas view Church-encouraged civil disobedience as a direct challenge. Increasing insurgent attacks and events in Grenada have reinforced the regime's siege mentality, making additional clashes with the Church likely. []

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BRAZIL: Compromise on Wage Law

Congress is likely to approve the recently decreed compromise wage law next week, setting the stage for a decision by the IMF on financial backing. []

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Ruling party leaders now have enough votes to pass the law, according to the US Embassy. After four unsuccessful attempts to obtain congressional approval of wage restraints—central to the austerity program prescribed by the IMF—the government this time negotiated the law with congressional leaders. []

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The new measure will permit wage hikes averaging 87 percent of inflation, compared with an 80-percent ceiling stipulated in Brazil's revised IMF letter of intent. The law also provides for sizable tax increases to offset some of the resulting growth in fiscal deficits. []

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Government ministers believe these are the strongest wage restrictions Congress will accept. [] and hope the IMF will accept the measure and release frozen funds and new loan commitments. In recent weeks, the IMF has stressed the importance of a sufficiently tough law if it is to restore financial backing. []

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Comment: The IMF probably will accept the new wage law only if the government agrees to take other steps to reduce deficits. []

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If the IMF finds the wage measures unacceptable, Brazil probably will be forced to declare a debt moratorium. Without a resumption of IMF and bank loans, Brazil's interest payments and other arrearages probably would exceed \$4 billion by the end of the year. US banks probably would have to accept losses on nonperforming loans. []

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JAPAN-US: Issues for President's Visit

With elections apparently scheduled for next month, Prime Minister Nakasone will find it hard to make concessions on difficult bilateral issues.

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Comment: Nakasone will be especially concerned that the President's visit allow him to demonstrate his ability as a statesman. He will also want to focus on global and Asian topics rather than contentious bilateral issues.

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Nakasone has strong views on INF and probably will reiterate his concern that East Asian security might be sacrificed to protect Europe on this issue. He will seek to discuss Soviet intentions in the Far East, the US-Chinese relationship, and the Middle East. Japan condemned North Korea yesterday for the Rangoon bombing, but Nakasone probably will want to consult with President Reagan before taking further action.

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Nakasone will have little new to offer on bilateral issues. He probably hopes the extension of restraints on autos and the exchange of notes on defense technology transfer will deflect some criticism, and he may also make some offers on capital markets, which would not directly affect the voters. The ruling Liberal Democratic Party has traditionally depended on the rural vote, so any concessions on beef and citrus are unlikely during the President's visit.

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PHILIPPINES: Military Pledges Support

President Marcos set a precedent by inviting senior military officers to participate in the Cabinet meeting on Friday. Opposition leaders immediately criticized the move as evidence of the military's expanded role in government, but General Ver, Chief of Staff of the Armed Forces, pledged the continued subordination of the military to civilian rule.

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Comment: Marcos probably intended to squelch rumors of a military takeover and to lay to rest widespread concerns about the succession process. Business leaders in particular fear a coup and have been actively pressing Marcos for a sign of political reform—such as the appointment of a vice president or the removal of Ver—that they believe would ensure a smooth succession. Military intervention would require the support of General Ver, who has the allegiance of commanders of major units in the capital region. His loyalty to the President, however, would make a preemptive move by Ver unlikely while Marcos is in charge.

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USSR: Good Start for Winter Grains

Prospects for the winter grain crop have been helped by good weather this fall. [REDACTED]

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the sowing of winter grains was virtually complete by late last month and that good emergence was evident in most areas. The sown area is slightly larger than it was at the same time last year. Soil moisture in the southern Ukraine, North Caucasus, and South Volga areas was deficient in September, but most of the region received enough rainfall for germination last month, and only small isolated areas remain slightly dry. [REDACTED]

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Comment: An estimated 6 to 7 percent more hectareage has been sown to winter grains this year than last. The general improvement in soil moisture is likely to result in a good winter grain crop as long as the winter weather remains normal. [REDACTED]

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NETHERLANDS-US: Problems With Weapons Sale

A Dutch official told the US Embassy this week that his government is pessimistic about reaching a satisfactory offset agreement for purchasing the Patriot air defense weapon system. The Dutch believe that the US manufacturer has failed to meet their demand for 100-percent offset. The official indicated that his government might try to persuade the US to accept a government-to-government barter arrangement. [REDACTED]

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Comment: The Dutch have long sought 100-percent offset to increase domestic employment and promote domestic industries. The Hague now may want to negotiate an agreement similar to one under consideration by the US and West Germany. Under this proposal, the US would provide the West Germans with a number of Patriots, to be manned by the West Germans, in return for Roland surface-to-air missile systems for defending US airbases. Dutch defense industries, however, produce few military systems that would be attractive under a barter arrangement. [REDACTED]

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EGYPT: Possible Bread Price Increase

Cairo may soon take the politically hazardous step of doubling the price of subsidized bread to improve its chances for agreement with the IMF. US Embassy sources in Cairo and Fund officials in Washington believe the price increase may be announced before the visit of an IMF team to Cairo, tentatively scheduled for 15 November. Fund officials have indicated that, without the increase, negotiations for a \$300 million standby agreement probably will be postponed indefinitely. 

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Comment: Any increase in the price of bread risks provoking a reaction similar to riots in January 1977 that forced the late President Sadat to rescind a price rise. President Mubarak is reluctant to reduce subsidies, but Egypt's foreign payments problems may be forcing such a move. Security forces probably could contain any disturbances, but the government would lose substantial public support. 

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TURKEY: Election Results

With nearly all of the ballots from the legislative election yesterday counted, Turgut Ozal's independent Motherland Party had captured 45 percent of the vote. The military-backed Populist and Nationalist Democracy Parties were trailing with 30 and 24 percent, respectively. The ballots are being counted by hand, and authorities estimate that official results will not be available for several days. [REDACTED]

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Comment: Ozal's apparent victory probably will not lead to major policy changes, but Ozal's independence could be a source of friction in relations with President Evren. [REDACTED]

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Special Analysis

USSR-JAPAN-KOREA: Bleak Prospects for Soviet Policy

The shutdown of the South Korean airliner has produced an upsurge of anti-Soviet sentiment in Japan and South Korea and further dimmed Moscow's prospects for breaking out of its diplomatic isolation in Northeast Asia. The affair has added to the strains in relations with Tokyo, already soured by the USSR's military buildup opposite Japan and its refusal to show flexibility on the Northern Territories question. It also has halted Moscow's cautious steps toward a dialogue with the South Koreans. On the other hand, the incident may prompt new Soviet efforts to repair ties with P'yongyang and to capitalize on heightened Korean tensions.

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Moscow's relations with Tokyo have been dealt a series of setbacks since the first of the year. The shutdown followed disclosures about Soviet intelligence activities and the expulsion of Soviet agents and added to the growing concern about the scope of the Soviet military buildup in the Far East. A series of attacks by Foreign Minister Gromyko and other Soviet officials on Japan's defense cooperation with the US has also aggravated relations.

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Moscow seems determined to remain inflexible on issues of concern to Japan and is insisting that Tokyo must take the first step to improve the relationship. Although unwilling to make political concessions, the Soviets are seeking an expansion of trade and Japanese investment, arguing that economic ties should not depend on the status of political relations.

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The continuing buildup of SS-20s in the Far East has also provoked a series of Japanese complaints to which the Soviets have been unresponsive. General Secretary Andropov's recent statements offering a possible freeze on SS-20 deployments in connection with an INF accord in Europe has not allayed Japanese concerns. Moscow has also rejected Japanese concerns about the buildup of Soviet forces in the Kuriles.

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The Soviets continue to argue that Japan's defense cooperation with the US poses the real threat to Japanese security, and they have protested Japan's support for the US buildup in the region. Moscow has, at the same time, been ineffectual in trying to discourage Tokyo from strengthening the country's defenses. The Japanese were only angered, not deterred, when the Soviet media hinted that Japanese cities might again be subject to nuclear attack.

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Moscow apparently takes some solace from Japan's willingness to continue a political dialogue despite Soviet intransigence. Soviet inflexibility on the basic security and territorial issues between the two sides indicates that Moscow is willing to tolerate a continuation of the poor state of relations for the foreseeable future. []

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Changing Korean Priorities

Moscow seems to be using the inevitable, if temporary, setback to its growing unofficial contacts with South Korea to improve its relations with P'yongyang. The USSR's decision to boycott the Inter-Parliamentary Union session held in Seoul a month ago probably reflected a recognition that the shutdown had soured relations with Seoul for the time being. On the other hand, Moscow has also ignored statements by South Korean officials reiterating their interest in better relations with the USSR and has chosen even to raise questions about the suitability of Seoul as a site for the 1988 Olympics. []

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The USSR has taken several steps to improve the atmosphere for its relations with P'yongyang. The Soviet media have given unusually prominent treatment to otherwise routine developments in the bilateral relationship. They have also replayed North Korean charges about alleged US-South Korean efforts to increase tensions on the peninsula and have supported P'yongyang's contention that the bombing in Rangoon was a plot by South Korean President Chun himself. []

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Although the Soviet policy of opposing a new round of hostilities on the Korean peninsula has not appeared to change, Moscow may have reasons to welcome some renewed tensions between the North and the South. The Soviets are determined to play a role in any renewed effort to settle Korea's future, and they may have been alarmed by Japanese press reports of a new proposal for easing tensions on the Korean peninsula—talks involving China, the two Koreas, and the US, but not the USSR. If so, a desire to avoid being shut out of the process may also in part explain Moscow's renewed interest in shoring up ties with P'yongyang. []

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Prospects

Resistance in Moscow to the kind of concessions that could mollify Tokyo appears to be substantial and enduring. Recent events are likely to have strengthened the impression in Moscow that serious efforts to improve ties with Japan at this time would not be productive. For the foreseeable future, the Soviets are likely to be primarily concerned with efforts to impede US-Japanese movement toward closer defense cooperation. []

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The Soviets will, at the same time, watch for an opportunity to resume expanding their contacts with Seoul. Although Soviet officials insist they are not particularly interested in developing trade, cultural, or state-to-state relations with Seoul, they may view the South Koreans as a potential source of much-needed foreign technical cooperation in Siberian development. Moscow also views the possibility of improving relations with South Korea as a way to discourage P'yongyang from moving closer to China. []

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The Soviets have long avoided providing North Korea with offensive weapons systems that might encourage P'yongyang to seek unilateral reunification of Korea by military means, and there is no indication of a change in this policy. Soviet steps to strengthen ties with North Korea could, however, include proposals for some increased military cooperation and perhaps an offer of more advanced defensive weapons as well as increased economic aid. Soviet distrust of North Korean actions and P'yongyang's need to maintain a productive relationship with Beijing, nevertheless, suggest that the warming in Soviet-North Korean relations will be limited. []

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